

Texas Medicaid Transitioning to APR-DRG Inpatient Hospital Payment Structure Effective September 1, 2012

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Texas Medicaid uses the Medicare Severity-Diagnosis Related Group (MS-DRG) structure as the basis for calculating inpatient hospital prospective payments.

Effective September 1, 2012, Texas Medicaid will transition to the All Patient Refined-Diagnosis Related Group (APR-DRG) structure as the basis for calculating inpatient hospital prospective payments.

The APR-DRG methodology is an improvement over MS-DRG in the following ways:

- APR-DRG methodology expands the basic DRG structure to encompass all client populations instead of targeting the elderly Medicare population as the MS-DRG methodology does.
- By encompassing all client populations, APR-DRG methodology is more appropriate to the Medicaid population, so APR-DRG allows a higher level of specificity for DRG assignment on inpatient hospital claims.
- APR-DRG methodology addresses patient severity of illness and patient risk of mortality in addition to patient resource intensity.
- Unlike the MS-DRG structure, the APR-DRG structure allows the Texas Health and Human Services Commission and TMHP to consider quality-of-care and pay-for-performance measures like potentially preventable readmissions and potentially preventable complications.

When APR-DRG is implemented, providers will be able to use additional procedure codes and diagnosis codes. These codes will be detailed in a future notification.

For more information, call the TMHP Contact Center at 1-800-925-9126.